



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking into the Review
Of the California High Cost Fund B Program

Rulemaking 06-06-028

**PHASE II REPLY COMMENTS OF AT&T CALIFORNIA (U 1001 C);
AT&T ADVANCED SOLUTIONS INC. (U 6346 C); AT&T COMMUNICATIONS OF
CALIFORNIA (U 5002 C); TCG SAN FRANCISCO (U 5454 C); TCG LOS ANGELES,
INC. (U 5462 C); TCG SAN DIEGO (U 5389 C); AND AT&T MOBILITY LLC (NEW
CINGULAR WIRELESS PCS, LLC (U 3060 C); CAGAL CELLULAR
COMMUNICATIONS (U 3021 C); SANTA BARBARA CELLULAR SYSTEMS LTD.
(U 3015 C); AND VISALIA CELLULAR TELEPHONE COMPANY (U 3014 C))**

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AT&T¹ hereby replies to the Comments filed on Phase II issues set out in Assigned Commissioner's Ruling ("ACR") of October 5, 2007.²

I. INTRODUCTION

In several decisions the Commission has reached conclusions on a variety of issues that form the foundation for the Phase II issues now before the Commission:

- The telecommunications market is competitive.³
- The Commission will not exercise price regulation of ILEC residential basic exchange service.⁴
- The residential basic exchange rate freeze will be lifted for AT&T and Verizon on January 1, 2008 and SureWest and Frontier on January 1, 2009.⁵
- After a phase-in of increases to rate caps for basic exchange service, full pricing flexibility is granted.⁶
- A reasonable proxy of affordability for basic service is \$36.⁷
- Irrespective of § 739.3 and its expiration on January 1, 2009, the Commission has independent authority to maintain a fund to support universal service.⁸
- The Fund will not be eliminated, but will continue to support universal service.⁹
- HM 5.3 will be used to update proxy costs for high-cost census block groups.¹⁰

¹ AT&T California (U 1001 C); AT&T Advanced Solutions Inc. (U 6346 C); AT&T Communications of California (U 5002 C); TCG San Francisco (U 5454 C); TCG Los Angeles, Inc. (U 5462 C); TCG San Diego (U 5389 C); AT&T Mobility LLC (New Cingular Wireless PCS, LLC (U 3060 C); Cagal Cellular Communications (U 3021 C); Santa Barbara Cellular Systems Ltd. (U 3015 C); and Visalia Cellular Telephone Company (U 3014 C)).

² By ALJ Ruling dated November 15, 2007, the date for replies was set for November 28, 2007.

³ *Re Rulemaking to Assess and Revise the Regulation of Telecommunications Utilities*, Decision No. 06-08-030, *Opinion*, 2006 WL 2527822 (Cal.P.U.C. Aug. 24, 2006), *mimeo*, pp. 4, 28, 117, 265 (Findings of Fact 50-51).

⁴ *Id.* at 152.

⁵ D.07-09-020, *mimeo*, p. 133 (O.P. 6).

⁶ *Id.* at O.P. 7.

⁷ *Id.* at 124 (Finding of Fact 13).

⁸ *Id.* at 28-29.

⁹ *Id.*

¹⁰ *Id.* at 134 (O.P. 13(a)).

A number of parties collaterally attack these conclusions or ignore them in their answers to the ACR's questions. The Commission has not invited parties to re-litigate these issues in Phase II, and thus they cannot be modified as result of these parties' comments.¹¹

It is possible for reverse auctions to provide market-driven solutions to the problem of providing proper support for universal service. But if the "reserve" or initial support to be made available is not enough, the auction process will fail and will only show the support level is too low. We note that very few competitive carriers found it worthwhile to become Carriers of Last Resort ("COLRs") when the support was more than 13 times greater than it will become July 1, 2009. It is hard to envision a situation of robust interest in an auction to become a COLR when the total Fund is in the area of \$30 million and not more than \$400 million, as it is in 2007.¹²

Moreover, as parties argued in their initial comments in 2006, costs and locations of high-cost customers have changed since 1996. For the auction to match costs and customers in high-cost areas today, the first step should be to identify support based on HM 5.3 and updated customer locations. This can be done quickly by relying on the Commission's prior work on HM 5.3.

AT&T does not oppose broadening the participants providing universal service. However, the Commission must ensure that all participants are held to the same service standards. Being a COLR means every customer in the geographic area is entitled to quality service at their home, not pretty good service to most of the high-cost customers. AT&T notes that certain wireless carriers' claims of ability to serve and prices they charge are not at the service levels demanded of a COLR.

Finally, meaningful increases to the basic residential rate must be implemented and caps must be lifted quickly. Customer choices and benefits are skewed while caps remain. The

¹¹ Section 1708 requires notice and opportunity to be heard before the Commission modifies previous orders.

¹² AT&T's estimate of the size of the Fund as of July 1, 2009, differs from that in D.07-09-020 because it appears that estimates in D.07-09-020 do not take into account the effects of all the changes ordered therein. Namely, it appears that the reduction in the support caused by using the \$36 benchmark in calculating both high cost lines *and* the support was not reflected. When \$36 is used to calculate the support, AT&T's draw will not be the approximately \$6.5 million, but will be below \$2 million per month. Based on this corrected draw for AT&T, the total Fund size as of July 1, 2009 will be in the area of \$30 million annually.

regulation of rates must not extend for more than two years after January 1, 2009. That would be more than 4 years *after* the Commission found the market competitive.

II. RESPONSE TO AUCTION PROPOSALS

In its opening comments, AT&T California presented detailed responses to the Commission's questions on how best to implement a reverse auction process. The core principles of AT&T California's proposal are:

- The auction should be open to all providers for all technologies (subject, of course, to reasonable threshold requirements like financial fitness and compliance with service quality standards).
- The requirements of being a COLR and receiving Fund support must be clearly defined *before* the auction, so that service providers can make informed decisions about (i) whether to participate in the auction and (ii) how much to bid.
- While the Commission should consider a limited pilot program on an interim basis, the Commission should proceed with the update of costs using HM 5.3 (as planned in the Phase I decision) to make the statewide determination of which areas will be subject to the auction, and the initial bid amount.
- The outcome of the auction must be clear: that one carrier (the auction winner) will undertake the obligation of being a COLR and obtain the benefit of Fund support.

The other parties' comments reflect a general consensus on a few broad principles, most notably that all technologies should be eligible to participate. When it comes to the details of carrying out the auction, though, the only consensus is that there are numerous issues that the parties and the Commission have not addressed and must address. The comments do not offer specific proposals for resolving those issues; instead, some comments suggest that the

Commission conduct a workshop, while DRA proposes that the Commission begin with a limited pilot project to work out the details before implementing reverse auctions on a statewide level. AT&T has similarly advocated a pilot project, and does not object to a workshop *per se* (so long as the issues and the procedure for resolving them are clearly defined going in). AT&T suggests that a straw proposal from the assigned office or ALJ may best focus such a workshop. But the larger point, as AT&T has shown and as the other parties' comments serve to re-emphasize, is that the Commission should proceed with caution.

In the remainder of this section, AT&T California responds to comments regarding the auction process and outcome. In Section II, AT&T California addresses the improper attempts by some parties to collaterally attack the Commission-approved HM 5.3 model for updating costs.

A. The Auction Winner Must Undertake The Obligation To Be A COLR – Not Foist Its Obligations On The Incumbent.

Whatever process details the Commission may adopt for the auction itself, the most important point is to make clear what the outcome of the auction must be. After the auction is concluded, the winning bidder must assume the COLR obligation for the area or areas in question: the obligation to offer and be ready to provide the required minimum level of service to *all* potential customers in the area defined. The basic *quid pro quo* that underlies the Fund – and must underlie any auction for Fund support – is that a provider obtains the benefit of support in exchange for undertaking the obligation to be the COLR. The previous COLR's obligations as a COLR and receipt of Fund support should therefore expire as soon as the new COLR's term begins (subject to a short transition period, as AT&T proposed in its opening comments).

Accordingly, the Commission should reject the proposals of DRA (at 14-15) and Sprint (at 22) that the incumbent LEC be required to give the winning bidder access to the ILEC's

facilities on terms imposed by the Commission. For starters, as AT&T showed in its opening comments, the incumbent's duties to provide access are governed by federal law, and the Commission is not free to overwrite federal law. In particular, any attempt to impose a TELRIC-priced access requirement where the FCC has rejected such a requirement (as Sprint appears to advocate at pages 22-23 of its Comments) would be contrary to, and preempted by, federal law.

In addition, the DRA/Sprint approach destroys the essence of the Fund. Under their proposed regime, the winning bidder in a reverse auction would obtain the benefit of Fund support without really undertaking the obligation to be a COLR, because it will have foisted the real work and cost of being a COLR on the ILEC. Conversely, the ILEC will be forced to do the same work it was required to do and incur the same costs it was required to incur as a COLR – building and maintaining available facilities to serve all potential customers in high-cost areas – while losing Fund support to another provider. Such a result is inherently unfair, anticompetitive, and contrary to the entire nature of the Fund. It would invite carriers to turn the Fund into a money-making arbitrage, by using the ILEC's facilities at a low, state-imposed price to obtain payments from the Fund without undertaking any of the real costs associated with being a COLR and being ready to serve all customers. Payments from the Fund are designed to compensate the COLR for the costs that *it* incurs to be ready to provide service – not to subsidize a carrier for buying facilities at a state-imposed discount while another carrier bears the real costs of providing service.

DRA's purported caveat (at 15) that the ILEC and the auction winner could "[o]f course" negotiate a rate other than the one set by the State is illusory. Once the State sets a default price,

it will have placed a proverbial thumb on the scales and interfered with any negotiation that would otherwise have taken place.¹³

The DRA/Sprint proposal would also subvert the entire auction process. Some providers would undoubtedly make bids that are not based on real-world costs of serving high-cost areas, but instead based on the artificial, regulated price of using the incumbent's facilities. Those providers would have an unfair and completely artificial advantage in bidding against providers (particularly providers using alternative technologies) that have made real investments and done real work in building real networks. Worse, carriers that obtain forced access from the incumbent *and* receive the additional subsidy of Fund support would have an unfair and completely artificial advantage in competing against the incumbent and alternative facilities-based providers in the marketplace. One of the essential points of the Commission's revisions to Fund B is that real-world, competitive alternatives exist throughout the State. The Commission's decision here should take advantage of that competition – not subvert it through regulation.

B. Response To Other Comments On The Auction Process

Instead of helping to answer the questions for which the Commission sought answers – namely, how to implement the auction – several commenters seek to use the auction as a pretext for imposing new regulations on the incumbents, new windfalls for themselves, or arbitrary reductions in the Fund. None of their proposals has any merit.

1. In some cases, a qualifying auction bidder may ask for less support than is currently provided to the COLR for a given high-cost area. Obviously, the winning bidder should become the COLR and the support for the area it bid on should be reduced. But CCTA (at 3) wants to do something radically different. CCTA contends that if the auction reduces support in *some* areas, the Commission should also reduce support in *other* areas where there were *no* lower bids (based

¹³ *Wisconsin Bell, Inc. v. Bie*, 340 F.3d 441 (7th Cir. 2003), *cert. denied*, 540 U.S. 1142 (2004).

on the ratio of the winning bid to the previous support amount in the areas that were auctioned). There would be no basis for such a reduction. A winning bid for one area says nothing about other areas. It means only that in one particular area, one provider was willing for some business reason to accept less support to be the COLR. There is no way to know whether that provider (or any other) has the same network facilities in any other area, or the same willingness to serve as a COLR at the same price. CCTA is simply speculating that if support for one or more areas is reduced, support for other areas is overstated. But the only way to *know* what the support should be in any given area is to complete a cost study and then conduct an auction for *that particular area*. Support for universal service is too important to leave to the realm of arbitrary guesswork.

2. T-Mobile (at 3) and Sprint (at 15) improperly suggest that support be limited to low-income, high-cost *customers* (rather than high-cost areas). Such comments are simply another reiteration of the “income test” for support that the Commission properly rejected in its Phase I decision. As the Commission recognized, “a test based upon per-capita income is not a practical tool . . . the administrative difficulties of establishing one would outweigh any benefits.”¹⁴

3. Cox suggests (at 2) that the winning bidder should not really win anything; instead, *multiple* other providers would be able to receive the same support for providing service in the designated area. That is untenable. The only provider that should receive the benefits of being a COLR is the one that undertakes the obligations of being a COLR – not by picking off the customers it likes in a given area, but making itself ready to serve all customers in that area. If the Fund were to support carriers that do not win the reverse auction, there would be no incentive for any carrier to participate in the auction in the first place.

4. Sprint argues (at 22) that the incumbent LEC should be required to divulge its future plans for prices in high-cost areas as part of the auction. Sprint may like to have access to a principal competitor’s confidential business plans – while keeping its own plans secret – but there is no legal basis for such an anticompetitive approach. The Commission has held that all

¹⁴ D.07-09-020, *mimeo*, p. 91.

telecommunications markets in California are fully competitive. Once the old rate freezes are phased out, the incumbent must receive the same pricing freedom that its competitors have: it can either participate in the auction (and *voluntarily* commit to a specific price if it wins) or choose not to participate and keep full pricing freedom. Further, the intent of the auction is to establish a COLR, which will then have the responsibility to serve all customers in the designated area at a price voluntarily assumed in advance. If the incumbent chooses not to participate, though, there is no basis for the Commission to continue regulating it as if it were still a COLR.

5. AT&T has demonstrated that the Commission should update the requirements for basic service so that all technologies may participate in the reverse auction. Sprint, meanwhile, contends (at 30) that wireless and VoIP providers should simply receive special blanket exemptions from most of the basic service requirements, while other providers would remain saddled by the old requirements. (Sprint's bias towards wireless and VoIP is hardly surprising, given that Sprint is a wireless carrier.) The requirements of basic service must apply equally to all carriers, and if those requirements are modified or lifted for some carriers they must be modified or lifted for all carriers. Sprint's biased proposal violates the requirement that universal service programs be competitively neutral.

6. The Commission should utterly reject Sprint's proposal to reduce support as the *cap* on basic service rates is increased. Increasing the cap only means that a COLR *could* raise its rates, not that it *has* raised its rates. If a COLR *actually* raises its rates, its support would automatically be reduced under the current Fund formula, and a second reduction would be improper double-counting. Conversely, if a COLR decides not to raise its rates all the way up to the cap, it should hardly be punished by the loss of Fund support in the manner Sprint suggests. In any event, when the final changes are implemented in July of 2009, \$36 will be used to calculate support.

7. The Commission should likewise reject T-Mobile's proposal (at 3) that no subsidy be provided until an auction request is made. That proposal would arbitrarily and unlawfully

terminate support in current high-cost areas, and hold the COLR hostage to the auction process. The only lawful bases for terminating support are (i) if the cost study update *proves* that the area is no longer a high-cost area, (ii) if and when a new COLR takes over as a result of the auction, or (iii) if the existing COLR states that it is willing to remain as a COLR without any support.

8. The Commission should not adopt TURN's suggestion (at 13) that if no bidders materialize, the existing COLR (that being the ILEC) must continue to meet the COLR obligation. Customers have a multitude of options for service, even in high cost areas. If no bidders materialize, it is because the Fund as structured is not providing enough support. If that is borne out by the facts, it is not appropriate to then continue the COLR obligation on ILECs while the support structure is shown to be inadequate. Rather, if such events occur, the support structure should be reviewed.

9. DRA (at 9) posits that ILECs, even if they are not COLRs, can provide a "safety net" because they will still have to provide 911 access to all customers so they meet the obligations of section 2883. DRA acknowledges section 2883 only applies where there are existing facilities. If the ILEC is not the COLR, the ILEC may not have facilities to all customers and, therefore, 911 access will not be provided by the ILEC. DRA's alleged "safety net" is illusory.

III. RESPONSE TO COST STUDY ISSUES

The Commission's Phase I Decision concluded (at 109) that "the costs of the ILEC network continue to be acceptable, at least in the near term, as a basis for updating the high cost proxy" and that "the HM 5.3 model offers the best choice among the available options" for that update. No party sought rehearing of that decision. Several commenters nonetheless continue to litigate the issue as if the Commission did not decide anything. Most of their comments consist of blatant, improper collateral attacks on HM 5.3 – arguments the Commission already heard and rejected in Phase I. One of the Commission's reasons for choosing HM 5.3, which the Commission approved for use in the recent AT&T and Verizon UNE cost proceedings, was to *avoid* costly and time-consuming relitigation. The Commission should not even entertain such improper attacks on its Phase I decision.

To take the leading example, consider the contention of DRA and Time Warner that the HM 5.3 is based on the incumbents' networks, which they assert are "obsolete." The Commission heard these arguments in Phase I. While the Commission recognized that HM 5.3 was not "ideal" because it does not model alternative networks, it still decided that the ILEC networks and HM 5.3 were the best available option. The network model for HM 5.3 is hardly obsolete: It is a "least cost" network that is not copper-only or "voice centric" but includes capabilities for a host of advanced services like DSL and high-capacity services. Further, the HM 5.3 network includes fiber optics in the feeder plant, plus digital loop carrier (DLC) equipment.

More fundamentally, the commenters are missing the point: The Commission is not using HM 5.3 alone to determine support, but instead plans to use HM 5.3 as the starting point for the reverse auction. If alternative technologies really are more efficient than the incumbents' networks, providers using those alternative technologies will bid down the initial support amount calculated by HM 5.3. Thus, as the Commission acknowledged, "the marketplace" will ultimately "determine the appropriate B-Fund support level based upon the least-cost technology delivered by the COLR that can most efficiently offer universal service access in a given area."¹⁵

The commenters' proposals to arbitrarily adjust the HM 5.3 result are no better than their collateral attacks on the Commission's decision to adopt HM 5.3. Time Warner (at 1-2) proposes a "heads I win, tails you lose" cost update proceeding: Under Time Warner's approach, the Commission would adhere to HM 5.3 for any area where it says that support should go down, but ignore HM 5.3 for any area where it says that support should go up. Such an approach is clearly untenable. The Commission has been given the statutory responsibility to update costs, and it has adopted HM 5.3 as the best available model to carry out that task. It would be manifestly improper to adopt HM 5.3 only in the areas that yield a result that one party likes, or to maintain a decade-old cost study in other areas simply because one party likes the

¹⁵ D.07-09-020, *mimeo*, p. 109.

decade-old result better. Moreover, it would be impossible to implement Time Warner's system in practice, because the new update would be done on the new map of Census Block Groups. It would be an administrative nightmare to compare the results of the update to an old set of results that was calculated on an entirely different map, or to determine the areas where support has gone up or down.

For the same reason, the Commission should likewise reject Sprint's presumption (at 19-20) that costs have gone down, and its proposal that the Commission use the existing support (reduced by an arbitrary percentage) as a cap on the support calculated by HM 5.3. Sprint is simply persisting in pure speculation without any evidentiary support. The Commission must instead look at the *evidence*, which will come when the cost study update is complete, to determine whether costs have increased or decreased. There is no basis for choosing Sprint's conclusory statements over the evidence produced by an accepted least-cost model.

Equally improper is DRA's proposal that the Commission adopt a hypothetical "average" wireless rate as the cap on HM 5.3. The Commission recognized in its Phase I Decision (at 108) that "we cannot rely upon basic wireless rate levels . . . as the basis for capping high cost proxy levels." If a *real* wireless provider is qualified, ready, and able to serve as a COLR at a better price than HM 5.3 – while meeting the necessary service quality standards for basic service – it can participate in the reverse auction and thereby cap the support amount. But there is no basis for using some assumed, *hypothetical* wireless provider to cap the result that the evidence provides.

The Commission should also reject DRA's proposal (at 2) that the Fund cap support at the level of operations and maintenance cost. As AT&T showed in its opening comments, that proposal is directly contrary to the Consensus Costing Principles and would guarantee that carriers will not be compensated for the cost of facilities deployment.

IV. RESPONSE TO RATE CAP PROPOSALS

AT&T proposed meaningful, but reasonable, increases to its caps for basic residential service. The proposed increases are merely to achieve parity, over a two year period, with what other ILECs already charge their customers for the same service. No party can seriously claim such rates, already being charged and charged for so long, are unreasonable. Further, no party can reasonably argue that increasing such caps over two years will cause “rate shock,” given that on January 1, 1995 – more than a dozen years ago – Verizon’s basic service instantly went up \$6.05 to \$17.25.¹⁶ The Commission has concluded that “throughout their service territories and for both business and residential services,” the URF ILECs “lack the market power needed to sustain prices above the levels that a competitive market would produce.”¹⁷ Further, the Commission has recognized that “[p]rice controls skew competitors’ interests, and they discourage true intermodal competition for voice services, including basic residential service.”¹⁸ The caps for AT&T California’s basic service, which the Phase I decision recognizes as among the lowest in the nation,¹⁹ must go up meaningfully and quickly so that the benefits of the competitive market are realized. A number of competitors propose immediate pricing freedom for basic residential service, and their arguments have substantial merit.²⁰

In contrast, TURN, DRA, and SureWest propose wholly inadequate price cap increases that ignore the market and Commission orders. TURN continues its arguments that caps need to be imposed and that an investigation into affordable rates must first be conducted. These proposals have been rejected. The Commission has already decided that once the caps are reached, full pricing flexibility is granted.²¹ TURN proposes that caps go up only by GDP-PI, which is running only slightly more than 2% annually. Alternatively, TURN proposes caps to

¹⁶ *Re Alternative Regulatory Frameworks for Local Exchange Carriers*, Decision No. 94-09-065, *Interim Opinion*, 56 Cal. P.U.C.2d 117 (Sept. 15, 1994), *mimeo*, p. 46.

¹⁷ D.06-08-030, *mimeo*, p. 117.

¹⁸ *Id.* at 152.

¹⁹ D.07-09-020, *mimeo*, p. 98.

²⁰ *See, e.g.*, Sprint, pp. 26-27.

²¹ D.07-09-020, *mimeo*, p. 133 (O.P. 8).

increase by “at most, 10% per year, over a five year period.”²² This is wholly inadequate, failing to recognize that AT&T California’s (and Verizon’s) rates have not increased in over a dozen years, and ignoring that AT&T California’s rates are significantly too low as compared to other carriers in California and the country. A five-year transition to full pricing flexibility is simply too long and unsupported. More than a year ago, the Commission found the telecommunications market to be competitive; yet ILEC basic rates will be frozen for a full two years thereafter. Maintaining price controls, with minimal increases per year permitted through 2013, is really a repudiation of the Commission’s findings.

TURN and DRA also propose that geographic price controls remain. The proposal to constrain geographically disparate rates is contrary to the Commission’s lifting of the requirement for average rates and contrary to the conclusion that at the culmination of the transitional caps, “COLRs shall be granted full flexibility to adjust basic rates.”²³

DRA also proposes the Commission set a “maximum” rate cap based on affordability. The Commission has already rejected such price regulation.²⁴ DRA proposes an interim rate cap set at SureWest’s state tariff rate for flat rate residential service, “gradually allowing other carriers to increase rates . . . to that level.”²⁵ DRA proposes that the cap increase at most \$2 per year up to \$18.90. DRA posits that \$2 per year is an “essential minimum curb on potential rate shock.”²⁶ DRA ignores that AT&T California’s rate has been below market levels for a very long time and is among the lowest in the country. The last increase was more than twelve years ago. Also, in 1995, the increases to AT&T California’s basic rate and Verizon’s were \$2.90 and \$6.05 – at once. Thus, DRA’s \$2 “minimum curb has been conclusively proven to be unnecessary. Also it is not just the state tariffed rate for the ILECs that must be considered; customers really pay a state rate and a federal rate for basic service. The cap must include consideration of both charges. Thus, as AT&T proposed, AT&T California’s rate cap (including

²² TURN, p. 49.

²³ D.07-09-020, *mimeo*, p. 133 (O.P. 8).

²⁴ *Id.*

²⁵ DRA, p. 27.

²⁶ *Id.* at 29.

the state and federal charges) should go to \$25.40 (SureWest's state plus federal charges) over a two-year period, after which full flexibility is achieved.

SureWest's proposal (at 2) that all ILECs be limited to "\$2 per step" increases has the same flaws and wholly ignores that its prices, being 68% higher than AT&T California's, mandate that AT&T California's caps move significantly more than SureWest's.

Verizon's proposal (at 23-24) for AT&T California's transition target cap of \$25.66 has merit, but the three-year transition is too long. Basic rates will have been frozen for more than two years after pricing flexibility was found by the Commission to be the correct policy and dictated by market conditions. A further transition of three years means the market is distorted and price controls remain for over 5 years after the URF Phase I decision. As Verizon points out, past increases ordered by the Commission for basic service have been as high as \$6.05; getting to Verizon's or AT&T's proposed cap in two years would require lower increases than what the Commission has already found reasonable.

Dated at San Francisco, California, this 28th day of November 2007.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Thomas Selhorst, hereby certify that I have this day served a copy of the foregoing **PHASE II REPLY COMMENTS OF AT&T CALIFORNIA (U 1001 C); AT&T ADVANCED SOLUTIONS INC. (U 6346 C); AT&T COMMUNICATIONS OF CALIFORNIA (U 5002 C); TCG SAN FRANCISCO (U 5454 C); TCG LOS ANGELES, INC. (U 5462 C); TCG SAN DIEGO (U 5389 C); AND AT&T MOBILITY LLC (NEW CINGULAR WIRELESS PCS, LLC (U 3060 C); CAGAL CELLULAR COMMUNICATIONS (U 3021 C); SANTA BARBARA CELLULAR SYSTEMS LTD. (U 3015 C); AND VISALIA CELLULAR TELEPHONE COMPANY (U 3014 C))** on all persons on the official service List in **R.06-06-028**, via e-mail, hand-delivery and/or first-class U.S. Mail.

Dated this 28th day of November 2007 at San Francisco, California.

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_____/s/
Thomas Selhorst

CALIFORNIA PUBLIC UTILITIES COMMISSION

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